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TOP BRIEFING

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27 June 1955

MIDDLE EAST DEVELOPMENTS

Soviet Activity

Most striking development in Middle East in recent weeks and months has been Soviet drive to disrupt Western defense plans in area and to expand its ^{Soviet Union} position there. To accomplish this the USSR has:

1. Cultivated Nehru as "spokesman of neutral nations;" gave him "very red carpet" treatment on recent 20 day visit.
2. Encouraged Afghanistan to pursue its frontier feud with Pakistan by granting small loans, providing some technical help, and discussing transit arrangements which would free Kabul from dependence on Karachi.
3. Signed agreement with Iran, effective 21 May, settling financial claims and frontier disputes. Has already returned 11 tons gold (\$12 million) and begun shipping \$8.6 million more in goods.
4. Approached Syria and Egypt indicating willingness to give economic assistance but also arms and some political support.
5. Made repeated diplomatic and personal overtures to Greece aimed at weakening American ties and Balkan alliance.

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6. Launched energetic propaganda campaign encouraging neutralism

throughout area emphasizing Soviet friendly desire to help

and Western imperialistic war aims. Note here recent

Bucharest radio propaganda to Arab North Africa

ATTACHMENT NO. 42

NO CHANGE IN CLASS. ☐

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Results of Soviet Campaign:

1. No significant Middle East reorientation has occurred.
 - a. I.e. Nehru impressed but will continue on his own "in between" road.
 - b. Afghanistan playing its own lonesome game.
 - c. Iran remains pro-western.
 - d. Syria and Egypt apparently largely interested in Soviet offer as lever in internal and international policies.
 - e. Greek orientation will probably continue pro-west.
2. Serious developments may, however, be in the making.
 - a. Balkan alliance (Greece-Turkey-Yugoslavia) now less firm and forthright partly as result of Yugoslavia's new emphasis on "independent position."
 - b. Middle East defense planning slowed by Iranian hesitation and intra-Arab disputes.
 - c. Afghan tinkering with Soviet assistance may draw it into a state of economic domination by USSR.
 - d. Some Arabs may accept Soviet arms aid. In general offers of economic and technical help may also find some "takers." The USSR has contracted to build steel mill in India.
 - e. Arabs and Middle East generally encouraged by propaganda to take hard bargaining position versus west in direct relations and in UN.

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CURRENT DEVELOPMENTS

Aside from the current Soviet effort in the Middle East the following developments may be noted.

1. The Afghan-Pakistani dispute over the looting of the Pakistani embassy in Kabul and subsequent attacks on consulates in both countries remains unresolved. While the area of disagreement over how to reach a settlement has been narrowed, there is no assurance that solution is near despite efforts of the Saudi-Arabian mediator. Serious aspect is that Pakistani virtual closing of frontier has led Afghanistan to resume discussion on trade which could lead to closer economic relations with USSR.
2. The 21 June Pakistani elections for a new constituent assembly have resulted in the government losing control of the assembly. No other group has gained a plurality. A cabinet reshuffle is inevitable and the fragmentation of power which has taken place makes stable responsible government unlikely. Later, reassertion of the Governor General's power in a less favorable climate of opinion is probable.
3. In Cyprus the demands for self-determination leading to union of Cyprus with Greece continue to be highlighted by tension and terrorist activity. The situation encouraged for internal political considerations by the Greek government, heightens and revives Greek-Turkish animosities; weakens Balkan entente; and endangers American personnel and installations on Cyprus. Although London is considering proposals for ending the dispute there is no indication that any offer it may make will satisfy

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current demands.

4. In Turkey where the stability of national economy is seriously threatened the government is concerned by way opposition is profiting from deteriorating economy and recent denial of American loan. Government apparently declines to consider final the rejection of loan application or to institute basic economic reforms. No indication that economic situation will be resolved in near future.
5. In Palestine tension is eased, "low-level" talks between Egypt and Israel scheduled for 28 June. "High-level" talks project as desired by Israel will not occur. Sporadic violence and incidents likely as always.

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7. In North Africa the French-Tunisian agreement on home rule in Tunisia signed on 3 June has resulted in relative quiet there. Reactionary French bureaucrats in Tunisia as well as extreme nationalists and Communists are a potential source of trouble. In Morocco the French government appears determined to act against French counterterrorism. Action inspired by death of wealthy French citizen Lemaigre-Dubreuil who favored compromise with Moroccan nationalists. As rep to French residents Morocco, French ousted Resident General Lacoste, whom they opposed, and appointed Gilbert Grandval--appointment in window

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dressings designed to give impression of action to solve Moroccan situation, while more procrastination occurs in Paris on subject of long past due policy change and action re dynasty.

In Algeria there is an upsurge in rebel activity with extension of economic sabotage action. Reinforcement of troops by 20,000 (total now 110,000 to combat some 2,500 rebels) since mid-May and expected further reinforcement of another 20,000 troops during summer. Recently announced "reforms" opposed by both settlers and Moslem element.

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